

DUTY TO PUBLIC WAS HIS GUIDE, SAYS WARBURG

Banker Declares His Step Involved a Financial Sacrifice.

HIS TESTIMONY IS MADE PUBLIC

Wishes to Prove That a Wall Street Man Deserves Confidence.

WASHINGTON, Aug. 12.—Paul M. Warburg's testimony before the Senate Committee on Banking and Currency when his nomination to the Federal Reserve Board was pending was made public today.

Mr. Warburg gave an interesting account of the competition for business between the big banking houses of the country, punctuated by theories of the Federal Reserve Board and discredited money trust committee and discredited Senator Joseph L. Bristow, who sought to build up opposition to his confirmation.

Mr. Warburg modestly acknowledged that one of his desires in accepting the Federal Reserve Board appointment was to demonstrate that a Wall Street man really is deserving of the country's confidence.

"The only compensation I can get from this is the success that I can make out of it," said Mr. Warburg.

The Banker's Sacrifice.

Mr. Warburg said in beginning his testimony that he had made arrangements to sever all his banking connections, to sell all his bank stock and to retire from the European firm with which he had been connected for twenty years.

"If you were to sever your banking connections and break them all off it must be a tremendous financial sacrifice," suggested Senator Reed.

Mr. Warburg replied: "I think it will be a bigger sacrifice than any of these gentlemen around the table has any idea of."

"If you were to sever your banking connections and break them all off it must be a tremendous financial sacrifice," suggested Senator Reed.

Mr. Warburg said: "My motive is that I have, as you have said, an interest in this monetary reform since I have been in this country. I have had the success which comes to few people of starting an idea and making it a reality. The whole country has taken it up and it has assumed some tangible form. I never expected that I would be asked to take an active part in the management of this system because I thought there would be so much prejudice that they would never consider me, even though I should be willing to do it. When President Wilson asked me whether I would take this appointment and put it up to me in a very kind way because he thought I was doing it for the country, I had no right to decline and I will be glad to make the sacrifice because I think there is a wonderful opportunity for bringing a great and important reform into successful operation and it appeals to me to do that. A great many people have called me Quixotic for wanting to do it. I have almost begun to think I was Quixotic in wanting to do it because I did not think people would be in the spirit in which I offered to do it."

Mr. Warburg's Fortune.

Senator Hitchcock: "You have not enough to live on, Mr. Warburg, during the next few years."

Mr. Warburg: "Yes."

Senator Reed: "And you intend to go on there, if you are confirmed, to represent what?"

Mr. Warburg: "To represent the country and the future of the country, and if I did not have that idea I would be glad to make my fortune elsewhere. The only compensation I can get from this is the success that I can make out of it and the gratitude that I can earn from my fellow citizens; that is all I can have."

Senator Pomeroy wanted to know what prejudice Mr. Warburg had in mind when he said that he was willing to make the sacrifice. He said that he would be considered for the reserve board.

Citizenship and Duty.

A little later Mr. Warburg, referring to his declaration in 1908 of his intention to become an American citizen, said:

"I may add that a thing which had a great deal of influence in making up my mind to remain in this country and work here and become a part and parcel of the country was this monetary reform work, because I felt that I had a distinct duty to perform here; and I thought I could do that and in fact I have been working on it since I came here."

Senator Bristow: "When you became an American citizen the motive which induced was then, as I understand it, largely a view of laboring to bring about a reform of the American monetary system."

Mr. Warburg: "Well, you put it nearly exclusively on that. I think a man wants to feel that he is going to do some useful work in his country; that he has a mission to perform and that is what happened to me."

Senator Bristow in his little effort to build up opposition to Mr. Warburg relied confidently on the findings of the so-called Pulo money trust committee. He read large portions of the Pulo report into the record and said that the only result was to elicit from Mr. Warburg some interesting comment on the relations of big banking houses in New York and elsewhere to one another.

Mr. Bristow pointed out that the Pulo committee found that a money trust existed which was composed of J. P. Morgan & Co., the First National Bank of New York, the National City Bank, Lee, Higginson & Co., Kidder, Peabody & Co., and Kuhn, Loeb & Co., and that these firms and companies worked together in placing securities and divided the profits.

Bankers' Etiquette.

"The impression which you have apparently got from that report is not quite correct," said Mr. Warburg. "The impression has generally gone out that these firms were working together, but in fact they were always working together and made a profit."

who are their main competitors, make money. Now are J. P. Morgan & Co. interested in seeing Kuhn, Loeb & Co. make money?

"There is of course a certain etiquette among ourselves, but that is not in this country than it is anywhere else."

"There are naturally only a few firms able to handle propositions of the tremendous size which our corporations now require and of course if you take every firm in the country that is able to do such a business and then put them together and call them a money trust it would be easy enough to make one up."

"The amusing part of it is that just at the very time of the Pulo investigation there occurred the incident of the Baldwin locomotive transaction, where we tried to buy some bonds and where, by what we would not call very correct dealing on the part of that locomotive concern, finally the Morgans bought them."

"I am not complaining and I am not discussing the transaction, but it showed clearly in the court that there is competition with every firm that tries to do business. If anybody comes to us who has gone to Morgan's or who has gone to Speyer's or to Blair's and we know that he has had no relation with them we do not do business with them. We negotiated with them and at the same time they were negotiating with the Morgans and the Morgans were negotiating with them."

Didn't Like the Conditions.

Mr. Warburg added that while he was not in accord with the conclusions of the Pulo committee he was not in sympathy with the banking conditions that existed at the time the investigation was made. These conditions have already been corrected by the withdrawal of the representatives of several of the banking firms from the directors of other banks.

"In self-protection," continued Mr. Warburg, "the banks do to this; on account of the lack of cooperation in our system they had to find some cooperation by which they could protect themselves in cases of emergency and also exchange views about the commercial credit situation. It was not a good plan; I did not approve of it, and part of the things that I have always worked for is for some kind of a Federal reserve system or a central reserve system by which this protection will come."

Mr. Warburg said his bank stock investments had not turned out well; that he would lose a great deal of money on them by being obliged to sell them at this time.

"As far as Mr. Schiff is concerned," added Mr. Warburg, "if you will make a bid for his bank stocks you can have them."

"It is because he feels they are not valuable to him when he cannot be a director," asked Senator Bristow.

"No, the investment proved disappointing. I do not believe people have had great satisfaction with their bank stock investments."

Chicago and Alton.

Senator Bristow read into the record the Interstate Commerce Commission's report on the well known Chicago and Alton transaction, which held that the bankers who managed the corporation "appear to have been richly rewarded."

"I want to know," said Senator Bristow after reviewing the details of the Chicago and Alton syndicate, "do you think that is legitimate business financing?"

Mr. Warburg declined to be drawn into any statement which would involve a judgment by him on the business transactions of Kuhn, Loeb & Co. He announced his determination to follow this course at the beginning of the hearing and maintained it throughout.

Senator Bristow pressed him for an opinion as to whether he thought it was legitimate business for Kuhn, Loeb & Co. to handle the business when members of the firm were serving as directors of the railroad.

"I told you in the beginning," said Mr. Warburg, "that I would not discuss the affairs of our firm."

As he described in the paragraphs read from the report of Commissioner Lane, asked Senator Nelson.

Mr. Warburg said he got two very long discussions; and if I said 'No I would be criticizing my own partners' was Mr. Warburg's reply.

Senator Nelson contended that the Chicago and Alton transaction was closed before he became a member of the firm of Kuhn, Loeb & Co. He denied that he was a member of the Rothchilds in the United States.

Agents of the Rothchilds.

"The Rothchilds are in the United States," said Mr. Warburg, "and they are very conservative people and stick to their agents here."

Senator Bristow wanted to know if Mr. Warburg as a citizen approved the methods employed by the late E. H. Harriman in acquiring other railroads through the use of the late J. P. Morgan & Co. He declined to pass judgment on the acts of his firm or the acts of other persons.

Senator Nelson wanted to know whether Mr. Warburg as a member of the reserve board would tolerate and approve of any bank which was a member of the Federal reserve system engaging in such financial transactions as the Chicago and Alton.

Mr. Warburg replied that no bank of the system could participate in such a transaction or have anything to do with financing a railroad.

"How do you think we can find out your opinion about these shady transactions?" asked Senator Bristow.

"Well," said Mr. Warburg, "I am willing to trust the judgment of the committee. I hope that the majority will understand that my attitude of not wanting to criticize other people's business was a proper one; and I am willing to take my chances on that."

"Oh, yes," said Senator Bristow, "you do not want to express any criticism of anything that has been done or do not even want to give your views as to whether you think it was a proper business transaction or not."

Mr. Warburg gave views in general, said Mr. Warburg, "and I think they are clear to everybody else; but you want me to express certain definite things and I will not do that."

EXTENDS WIRELESS SERVICE.

U. S. Station Now Handles Central American Messages.

COTON, Aug. 12.—The Central American wireless service heretofore handled by the United Fruit Company's steamships is now being handled by the United States Government's wireless station. The fruit company's ships by the British flag, and since they operate from American ports are not allowed to use their wireless. The Government station is not accepting code and cipher messages or the official dispatches of the nations now at war.

RIFLE IS FOUND IN SCHOOL.

Believed to Be Property of Janitor.

Accused of Attacking Girl.

Detectives found a rifle yesterday on the second floor of Public School 7, in which thirteen-year-old Catherine Larkin of 571 Broadway was attacked, bound and thrown into a drain pipe trap by George W. Webb, the negro janitor of the school, under arrest for kidnapping the girl, although he admitted he owned the rifle, although he admitted he owned two boxes of cartridges found in the basement of the school Monday.

It was said last night at the home of the girl that she is still too ill to be confronted by the negro for the purpose of formally identifying him. It is believed she will be able to stand the ordeal on Saturday or Sunday.

Webb will be arraigned in the Morrisania police court today. He is now locked up in default of \$10,000 bail.

MISS DOROTHY HARVEY WEISS LIEUT. MARCELLUS THOMPSON



MRS. MARCELLUS H. THOMPSON

Ceremony Takes Place Under Pergola at Home of Bride's Parents.

ARMY PARK, N. J., Aug. 12.—Miss Dorothy Harvey, daughter of Col. and Mrs. George H. Harvey, was married at the Harvey summer home, Jorham, Deal Beach, at 5 o'clock this afternoon to Lieut. Marcellus H. Thompson, U. S. A., son of Col. and Mrs. John T. Thompson of Washington, D. C. The ceremony was performed under a great floral bell in the pergola in the garden by the Rev. Philip Swezey, assisted by the Rev. Herbert Chapman, Chaplain of the Army.

The house was decorated with potted plants and flowers, the prevailing colors being pink and lavender. The pergola was bowered with flowers and ferns. There were four bridesmaids, Miss Jessica Alward, Miss Leslie Johnson, Miss Cecelia Alward, and Miss Genevieve Chapman Clark. They wore lavender chiffon gowns with pink tulle overdresses trimmed with rose lace, and arranged over the gowns were small clusters of lavender sweet peas. They carried arm bouquets of pink and lavender. Miss Margaret Lane was the maid of honor. She wore lavender chiffon tulle and a hat of cream chiffon, adorned with lavender.

The bride's gown was of white satin trimmed with old point lace and court train with an overdress of tulle and orange blossoms. She carried a bouquet of lilies of the valley. The bride was given away by her father, Col. George H. Harvey. He is an architect by profession and after having been graduated from Harvard studied at the Beaux Arts in Paris.

The bride entered the church with her brother-in-law, the Rev. Frederick Wolcott Jackson, who gave her away. There were no bridesmaids. Francis Philip Nash, brother of the bridegroom, acted as best man. Immediately after the ceremony Mr. and Mrs. Nash left for a trip to the White Mountains and on their return will live at 152 West Fifty-seventh street.

The bride is well known through her portraits of prominent individuals and has passed much time in Europe. Mr. Nash is grandson of the late Bishop Cleveland Cox. He is an architect by profession and after having been graduated from Harvard studied at the Beaux Arts in Paris.

Hopler—Rudine.

DOVER, N. J., Aug. 12.—The marriage of Miss Addie May Rudine, daughter of Mr. and Mrs. J. J. Rudine, to Edgar Lynn Hopler, son of Mr. and Mrs. Edgar D. Hopler of Wharton, took place at the home of the bride's parents, 125 Richards avenue, yesterday afternoon. The ceremony was performed by the Rev. H. B. Fitzgerald of Grace Methodist Episcopal Church performed the ceremony.

Nagel—Bohne.

Miss Caroline Bohne, daughter of Mr. and Mrs. Louis Bohne of West Hoboken, and Charles Nagel of Newark, were married yesterday afternoon at the First Baptist Church, Union Hill. Mr. and Mrs. Henry Bauderman of Newark attended the pair. The bride wore a white crepe de chine gown with a Venetian lace train and carried a bouquet of white roses. Her ornament was a diamond sunburst, the gift of the bridegroom.

Pinkus—Wight.

Miss E. Augusta Wight was married to Walter Devereux Pinkus, a son of Frederick S. Pinkus, yesterday afternoon at the home of her uncle and aunt, Mr. and Mrs. William A. Slack, 325 Park avenue, with whom she has made her home for several years. On account of the very recent death of the bridegroom's mother, Mrs. Wight was present to witness the marriage ceremony, which was performed by the Rev. Wilbur Caswell, assistant rector of St. Thomas's Church, and assisted by the Rev. J. J. Walsh, Lieut. Philip Matthews, Lieut. Robert Goehring and Ensign Lawrence Townsend, Jr.

WANTS GERARD FOR GOVERNOR.

County Clerk Schneider Says He'd Harmonize Democrats.

County Clerk William F. Schneider, head of the organization of anti-Tammany Democrats known as the Democratic Association, announced yesterday a plan to harmonize the various Democratic factions of the city and State in order to prevent the defeat of any member of the New York delegation in Congress who have been supporting President Wilson. Mr. Schneider believes that to prevent the loss of any of the Democratic Congressmen James W. Gerard, Ambassador to Germany, could be persuaded to accept the nomination for Governor of New York if assured that it came from a united Democracy.

Mr. Schneider said that Ambassador Gerard occupies an unusually important diplomatic post at the present time. He believes that he would become the candidate for Governor if urged to do so by all factions in New York and by President Wilson himself in the interest of Germany, which he has been supporting.

PRESIDENT AT HOME AGAIN.

He Returns From Wife's Funeral and Takes Long Ride.

WASHINGTON, Aug. 12.—President Wilson and his family returned today from a short stay in the city of Washington. The President had been accompanied by his three daughters, by his second-in-law, Secretary of the Treasury McAdams, and by Mrs. Bryce, Secretary Tumulty and Dr. Cary T. Grayson, his physician.

The special train reached Washington at 5 o'clock. The President rode in an automobile to the White House immediately.

Shortly after dinner the President went for a long automobile ride through Rock Creek Park and along the banks of the Potomac. He was accompanied by his daughters, Miss Margaret Wilson and Mrs. Bryce.

Gardner as State Committeeman.

MINNEOLA, I. L., Aug. 12.—The slated successor as State Committeeman of Henry P. Keith, just appointed Collector of Internal Revenue for the first district of New York, is Bertram Gardner, a lawyer of Garden City. The Governor made it known in accordance with Mr. Keith's methods, Mr. Gardner went to Washington as a character witness for Mr. Keith.

HARVESTER CO. MUST DISOLVE; HELD ILLEGAL

United States Circuit Court So Decides in a Two to One Division.

TRUST MORALLY GOOD, BUT LEGALLY BAD

Appeal Will Be Made to Stay the Order of Dissolution.

ST. PAUL, Minn., Aug. 12.—The International Harvester Company was declared by the United States Circuit Court today to be a monopoly in restraint of trade within the meaning of the Sherman act, and an order of dissolution was issued and unless the case is appealed the company must within ninety days submit a plan for splitting the combination into at least three independent concerns of about equal size and with no common stockholders.

This was the majority decision as rendered by Circuit Judge Walter I. Smith of Iowa and William C. Hook of Kansas. A dissenting opinion was filed by Circuit Judge Walter A. Sanborn of Minnesota.

In a statement issued in Chicago this afternoon Cyrus H. McCormick, president of the company, says that an appeal will be taken to the United States Supreme Court.

It is held that the Sherman law was violated in 1902, when the five original companies combined and eliminated competition among themselves. The decision holds that while the International Harvester Company and its selling concern, the International Harvester Company of America, control from 80 to 95 per cent of the trade in agricultural implements manufactured by them they have treated smaller competitors fairly.

Its Tendency Illegal.

Nevertheless, it is held that the tendency of the combination to monopolize trade contravenes the Sherman law. No question of overcapitalization was in issue, the property of the five combining organizations being greater than the stock owned by the International Harvester Company.

The opinion of the court is that the union of the five companies was illegal because it contravened the Sherman law, and that the company could not make a legal contract as to prices or as to collateral services. The majority decision says:

"If the five companies which formed the International had been small, and their combination had been essential to enable them to compete with large corporations in the same line, their combination would, in the light of reason, not have been in restraint of trade, but in the furtherance of it; but when they constituted the largest manufacturers of articles in America, if not in the world, and held jointly about 80 to 85 per cent of the trade, and two, at least, of the companies forming the combination were prosperous, their combining was, when similarly viewed, an unreasonable restraint of trade."

"If the business of the separate companies combining was unsuccessful it could be plain that their combination was not in restraint of trade, but in the furtherance of it. The Supreme Court, but it is conceded that the McCormick and the Deering companies had established reputations for producing successful business, so that question is eliminated."

"There is no limit under the American law to which a business may not independently conduct its affairs, and even a combination of two or more businesses, if it does not unreasonably restrain trade, is not illegal, but it is the combination which restrains trade that is illegal, and if the parties in controversy have 80 or 85 per cent of the American business, and by the combination of the companies all competition is eliminated, then it is restraint of trade within the meaning of the statutes under all of the decisions."

Blamed for Two Actions.

For two of its actions the company is blamed in the opinion of the court. One is the combination of the advertising of the products of D. M. Osborne & Co., as those of an independent concern for two years after it had actually been incorporated through William C. Lane, a New York lawyer, who appeared as the purchaser of these properties. Tracing the formation of the combination the decision holds that representatives of the parent company met in New York on May 28, 1902, and while they did not see one another they were in constant communication with George W. Perkins.

The result was that Mr. Lane obtained from each company a contract to sell its property to him with the understanding that he would transfer to another company the properties to another concern. On the day the International Harvester Company was formed Mr. Lane appeared and sold to each of the properties for the purchase of which he had contracts.

The court holds that the process "by which it was made to appear that the properties were sold to Lane were merely colorable."

In his dissenting opinion Judge Sanborn holds that the issue in the case was not what the company did or its predecessors did in 1902, but what the concern was doing in 1912 when the complaint was filed. He declares that the evidence convinces him that for at least seven years before the beginning of the suit the defendants were neither restraining unreasonably nor threatening to restrain interstate or foreign trade.

Cyrus H. McCormick Says the Company Will Appeal.

CHICAGO, Aug. 12.—Cyrus H. McCormick, president of the International Harvester Company, said today that an appeal would be taken from the decision of dissolution handed down by the District Court.

"The opinion," he said, "acquits the company and its officers and directors of the charges of overcapitalization and unfair competition, and holds that the company is not found guilty of having violated the law in the conduct of its business or of having injured its customers or competitors."

The conclusion arrived at seems to be that the Harvester is a good but illegal trust. Its business has been conducted fairly and the economies secured by its organization have inured to the benefit of its customers, the farmers, but nevertheless the majority of the Judges hold its existence to be illegal.

"The decision is by a divided court and the case will not be ended until the Supreme Court has said the last word. We still hope that the great public benefits secured by the organization of the company and the methods adopted in carrying on its business will be made permanent by the final decision of the court of last resort. It may be that the court will hold the view expressed in the dissenting opinion of Judge Sanborn."

MORAL VICTORY—PERKINS.

Dissolution Beneficial to Stockholders, but Not to Farmers.

George W. Perkins, chairman of the finance committee and a director of the International Harvester Company, when asked yesterday about the effect of a dissolution of the corporation replied:

"The effect of the proposed dissolution of the company into three separate parts would be the same as in the cases of the Standard Oil and American Tobacco companies. It would result in enormous profits to inside stockholders and a great increase in prices to the farmers, the ultimate consumers."

Mr. Perkins also issued the following statement:

"I have not seen either the majority or minority decisions in the Harvester case, but from what I learn of the three Judges who heard the case, I have given the company a clean bill of health as to its business conduct; therefore the company has received a moral verdict. Any action to dissolve the company is a purely technical matter, and the company was illegally organized because of certain clauses in the Sherman act. The other Judges disagree with this view."

"Certain clauses in the Sherman act," he said, "broadly speaking, the company is right under modern morals, but technically wrong under the Sherman law. It is gratifying to know that the company has succeeded in fully measuring up to the business requirements and moral standards of the present time. The question arises, is it going to be impossible to do this and live up to the technical legal requirements framed for business twenty years ago? Are we after substance or merely form? The case will be appealed to the Supreme Court."

The Wanamaker August Furniture Sale—to Business Men

Office furniture of various sorts including desks, chairs, tables, filing devices, etc., at

10 to 50 Per Cent. Below Original Prices

Some of the chairs and desks that have previously been in a half-price sale are now still further lowered 10 per cent and more:—

Mahogany arm chair, now \$33 and \$45
Mahogany table, 18 x 28 in., now \$25
Mahogany roll-top desk, 72 in., now \$70
Mahogany roll-top desk, 66-in., now \$60
Oak flat-top desk, 42-in., now \$18
Oak flat-top typewriter desk, 50-in., now \$32

Come and See for Yourself
Bureau of Office Furniture—
Seventh Gallery, New Building.

JOHN WANAMAKER
Broadway at Ninth Street
NEW YORK.

still hope that the great public benefits secured by the organization of the company and the methods adopted in carrying on its business will be made permanent by the final decision of the court of last resort. It may be that the court will hold the view expressed in the dissenting opinion of Judge Sanborn."

Lining 'em out to-day!
Sale of athletic underwear!

Union suits—sleeveless, knee length—of fancy striped cotton, handkerchief linen, silk and cotton and a few silk. 869 are \$2.00 values. \$1.35 969 are \$3.50 values. \$1.85.

Single garments too in athletic style. Handkerchief linen, fancy cotton and cotton mesh. 442 are \$1.00 values. 616 are \$1.50 values. 65c.

Shoo! The shoe sale started yesterday with such a hurrah that to-day the bargains are mostly narrow widths. \$3.00 to \$7.00 formerly.

\$2.75 now. ROGERS PEET COMPANY, Three Broadway Stores at Warren St. 13th St. 34th St.

AMUSEMENTS.

WINTER GARDEN Broadway & 80th. Mat. To-day. Best Seats 1 and 2. 10c. **PASSING SHOW OF 1914**

SHUBERT 4th St. W. of Broadway. Mat. To-day. Best Seats 1 and 2. 10c. **THE THIRD PARTY**

39TH ST. Mat. To-day. Best Seats 1 and 2. 10c. **TOO MANY COOKS**

COMEDY Theatre. Mat. To-day. Best Seats 1 and 2. 10c. **KITTY MACKEY**

44TH ST. Mat. To-day. Best Seats 1 and 2. 10c. **SYLVESTER SCHAFFER & His Duo**

MANHATTAN Mat. To-day. Best Seats 1 and 2. 10c. **PEG O' MY HEART**

NEW YORK Mat. To-day. Best Seats 1 and 2. 10c. **WM. J. BURNS**

AMUSEMENTS.

THESE NEW YORK LEADING THEATRES HAVE NO DEALINGS WITH THE TYSON CO.

NEW AMSTERDAM West 42d St. Mat. To-day. Best Seats 1 and 2. 10c. **ZIEGFELD FOLLIES**

HUDSON 4th St. W. of Broadway. Mat. To-day. Best Seats 1 and 2. 10c. **DUMMY**

KNICKERBOCKER 215 & 216 E. 42d St. Mat. To-day. Best Seats 1 and 2. 10c. **CABARIA**

COHAN'S Broadway & 42d St. Mat. To-day. Best Seats 1 and 2. 10c. **POTASH & PERLMUTTER**

FULTON West 42d St. Mat. To-day. Best Seats 1 and 2. 10c. **TWIN BEDS**

Sight Seeing Popular Youth Clifton. Refreshing Delightful. L. V. W. 42d St. Daily & Sundays 10:30 A. M. to 10:00 P. M. Music. Lectures. T. 544 Gramercy.